



May 25, 2005

The Honorable J. Dennis Hastert
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker and Ms. Minority Leader:

As you will see from the list of signatories to this letter, virtually all agricultural sectors in the United States strongly support the Central America – Dominican Republic Free Trade Agreement (CAFTA-DR) and urge its rapid approval by Congress.

Congress already has given Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua, one-way access to our market through trade preference arrangements. On a trade-weighted basis, over 99 percent of the food and agriculture products we import from the region enter duty-free.

In stark contrast, the food and agriculture tariffs our products must overcome in the CAFTA-DR countries exceed 11 percent on average, but can range as high as 150 percent or more. This does not include the highly restrictive tariff-rate quotas many of our products face. The result is that we have an agriculture trade deficit with these six nations. In 2004, U.S. imports from these countries exceeded our exports to the region by over three quarters of a billion dollars. Our market share in the CAFTA-DR nations has fallen from 54 percent in 1995 to around 40 percent because of preferential arrangements negotiated by these six countries with our competitors. The implementation of CAFTA-DR will remedy this problem.

The CAFTA-DR benefits all U.S. agricultural export interests because none were excluded from the final accord. U.S. trade negotiators did an exceptional job of ensuring that all products of interest to us – even those of great sensitivity in the Central American countries and the Dominican Republic – were covered to our satisfaction. After many years, our ability to export to those nations will match their ability to export to us, and our products will no longer lose out in those markets to imports from third countries that already benefit from preferential agreements.

We recognize that any sector that believes it is vulnerable to increased import competition from a trade agreement has a legitimate right to seek special considerations. However, such considerations are normally included in the agreement, itself, in the form of longer transition periods, special safeguards or less than full tariff liberalization. The U.S. sugar sector was provided all three in the CAFTA-DR. Virtually no American product will face similar long-term restrictions in the CAFTA countries or the Dominican Republic under the terms of this Agreement.

We are deeply concerned that efforts by most of the U.S. sugar industry to obtain a full exclusion from CAFTA-DR or other accommodations will open the door to the withdrawal of important concessions for some of our products (We note that Imperial Sugar Company, representing 20% of the U.S. sugar industry, supports CAFTA). We are also concerned that any exclusions in this agreement will pave the way for exclusions and counter-exclusions in future agreements, resulting in a downward spiral to the lowest possible level of mutual agreement – deals in which only non-sensitive commodities are included.

None of the groups and companies listed below is opposed to affording the sugar industry appropriate treatment in trade agreements consistent with overall U.S. trade policy. However, such treatment must take into account the trade interests and long term well being of American agriculture as a whole. Offering an exclusion for sugar from the CAFTA-DR does not.

Plain and simple, a vote for CAFTA-DR is a vote to give American farmers and ranchers the same rights that Congress already has extended to our counterparts in these six nations. It is also a vote to keep U.S. food and agriculture exports competitive with products from other countries.

Sincerely,

Altria Group, Inc.
American Bakers Association
American Farm Bureau Federation
American Frozen Food Institute
American Meat Institute
American Peanut Product Manufacturers, Inc.
American Potato Trade Alliance
American Seed Trade Association
American Soybean Association
Animal Health Institute
Archer Daniels Midland
Biotechnology Industry Organization
Blue Diamond Growers
Bunge North America, Inc.

California Fig Advisory Board
California Strawberry Commission
California Table Grape Commission
California Walnut Commission
Cargill, Incorporated
Corn Refiners Association
Crowley Maritime Corp.
Diamond of California
Distilled Spirits Council of the United States
Food Marketing Institute
Food Products Association
Georgia Poultry Federation
Grocery Manufacturers of America
Imperial Sugar Company
Institute of Shortening and Edible Oils
International Dairy Foods Association
Louis Dreyfus Corporation
National Association of Wheat Growers
National Barley Growers Association
National Black Farmers Association
National Cattlemen's Beef Association
National Chicken Council
National Confectioners Association
National Corn Growers Association
National Grain and Feed Association
National Grain Sorghum Producers
National Grain Trade Council
National Grange
National Oilseed Processors Association
National Pork Producers Council
National Renderers Association
National Turkey Federation
North American Equipment Dealers Association
North American Export Grain Association
North American Millers' Association
Northwest Horticultural Council
Pet Food Institute
Produce Marketing Association
Sunmaid Growers of California
Sunsweet Growers, Inc.
Sweetener Users Association
The Fertilizer Institute

U.S. Hide, Skin and Leather Association
U.S. Meat Export Federation
U.S. Wheat Associates
United Egg Producers
United States Dry Bean Council
US Livestock Genetics Export, Inc.
USA Poultry and Egg Export Council
USA Rice Federation
Valley Fig Growers
Washington State Potato Commission
Western Growers Association
Wheat Export Trade Education Committee
WineAmerica

Cc:

The Honorable Bill Thomas
Chairman
Committee on Ways & Means

The Honorable Charles Rangel
Ranking Member
Committee on Ways & Means